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National Intelligence Bulletin

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CONTENTS

LEBANON: No confirmation of Syrian troops at Zahlah	1
USSR-TURKEY: Kosygin visit	2
CUBA: Party reorganization	3
BOLIVIA-CHILE-PERU: Bolivian access to the sea	4
ARGENTINA: Rebellion ends	5
INDIA: New defense minister an ally of Gandhi's son	5
LAOS-THAILAND: Vientiane seeks help on border issue	6
EC-US: Compromise on agricultural negotiations	7
FOR THE RECORD	8

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National Intelligence Bulletin

December 23, 1975

LEBANON

We cannot confirm press reports that Syrian army troops have joined in the fighting at Zahlah, Lebanon.

There were heavy clashes and artillery exchanges between Zahlah and the neighboring village of Saadnayel on Sunday and Monday. They involved primarily Christian and Muslim private militias and the Lebanese army, which for several months has tried to restore calm in the area.

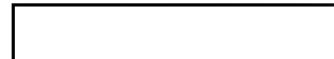
Units of the Syrian-controlled Saiqa fedayeen organization have possibly been involved in the clashes. There are approximately 3,000 Saiqa troops in Lebanon, at least 500 of them in the Bekaa Valley area near Zahlah and Saadnayel.

The reports of foreign intervention may have come from Ilyas Harawi, who is a member of parliament from Zahlah and a Maronite Christian ally of Interior Minister Shamun. Harawi has tended to exaggerate the ferocity of the fighting in his home area. He may have misrepresented Saiqa forces as Syrian regulars to discredit Lebanese Muslims and leftists by suggesting that they must depend on outside support.

President Franjiyah is convinced that numbers of Palestinian and Syrian troops have recently infiltrated into Lebanon from Syria. Franjiyah reportedly complained to Syrian army Chief of Staff Shihabi about this during their meeting last Friday. The Lebanese President instructed a personal representative who visited Damascus on Sunday to raise the matter with President Asad and Foreign Minister Khaddam. Prime Minister Karami was in Damascus yesterday to continue his talks with Syrian leaders.

Fighting in Beirut remains at a relatively low level one week after the latest cease-fire was proclaimed. Serious clashes continue in the Tripoli-Zagharta area in the north and in villages south and east of the capital.

25X1



25X1

National Intelligence Bulletin

December 23, 1975

USSR-TURKEY

Soviet Premier Kosygin arrives in Turkey on Friday for a five-day visit. The inauguration of the Soviet-aided Iskenderun steel plant is the ostensible reason for his visit, but Kosygin's main purpose will be to continue Moscow's efforts to exploit US-Turkish frictions and to improve its relations with Ankara.

In his conversations with Turkish Prime Minister Demirel, Kosygin probably will urge continued economic cooperation. He may suggest that Moscow poses no threat to Turkish interests and indicate that the Soviets are willing to sell Turkey military equipment.

25X1

The Turks will continue their efforts, which have accelerated since the US arms embargo was instituted, to take some of the chill and antagonism out of relations with their communist neighbor without altering ties to the West. They no doubt view Kosygin's visit as a useful signal to the West that Turkey cannot be mistreated or taken for granted.

The Iskenderun project that Kosygin will dedicate is one of Moscow's largest aid commitments, involving \$420 million in Soviet credits. Construction on the project started in 1970; the first stage, now being opened, will produce 1.1 million tons of steel annually when completed.

Last July, Moscow and Ankara signed an economic and technical cooperation agreement that may provide as much as \$600 million to \$700 million in additional credits for several projects. Eventual expansion of Iskenderun's capacity to 4 million tons per year is envisioned in this accord.

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Kosygin may also raise the issue of extraditing two Soviets who hijacked an aircraft to Turkey in 1970.

The incident, which has been a continuing irritant, has prompted the Soviets to propose to Ankara that an agreement on air piracy be reached.

25X1

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25X1

National Intelligence Bulletin

December 23, 1975

CUBA

The reorganization of the Cuban Communist Party at its first party congress all but completes the institutionalization process that has been under way in all facets of Cuban society for the past five years. The results of the congress, which ended yesterday, indicate that Fidel Castro is still in complete control, and that Cuban policies are now more closely aligned with Moscow's than ever before.

The re-election of Fidel and Raul Castro to their party posts was announced yesterday by Fabio Grobart, believed to be the only surviving member of the 13-man group that met near Havana in August 1925 to form the first Cuban Communist Party. The selection of the Polish-born, 70-year-old Grobart—long suspected of being a Soviet agent—to make the announcement, and the lengthy praise he gave Fidel, were probably intended to signify the total unity of views of the Cuban Communist leadership.

The same message can be read into the elevation of Arnaldo Milian and Jose Ramon Machado Ventura, two provincial party chiefs, to the Political Bureau. Milian is a pre-revolutionary communist, while Ventura is a veteran of Castro's 26th of July guerrilla movement. Also added to the Political Bureau were Carlos Rafael Rodriguez and Blas Roca, both high officials of the pre-revolutionary Communist Party, and Pedro Miret Prieto, an associate of Fidel's since their days at Havana University.

Thus, the "old" communists, who heretofore had no representation on the Political Bureau, now have 3 of the 13 seats. The same trend toward greater representation of the "old" communists is expected to appear in appointments to the new party Central Committee, which will probably also be expanded.

25X1

National Intelligence Bulletin

December 23, 1975

BOLIVIA-CHILE-PERU

Bolivian President Banzer announced on Sunday that Chile has agreed in principle to his demands for Bolivia's long-sought sovereign corridor to the sea.

Newspapers in Santiago over the weekend reported that Chile is prepared to cede to Bolivia a corridor along its border with Peru in return for a small piece of Bolivian territory. Definition of the precise territory involved, among other bargaining problems, will make prolonged negotiations necessary.

Although Banzer was vague about the details of the reported agreement, he said that negotiations to implement an accord would begin now. He said Peru would be consulted regarding any transfer of territory, in keeping with the terms of a 1929 treaty regarding disposition of land Peru lost to Chile in the War of the Pacific a century ago.

Even if La Paz and Santiago are able to agree on the specifics of a territorial exchange, Peru's concurrence is not likely to be easily or rapidly obtained. It does appear, however, that Chile informed Peru before making public its movement toward an agreement with Bolivia.

Peru's ambassador to Chile stated on Chilean television last Friday that his government understood and was interested in Bolivia's requirement for an outlet to the sea. It is unlikely that he would have made such a statement without prior clearance from Lima.

The announced agreement places Peru in a diplomatic corner. Peruvian leaders cannot long remain silent now that Chile and Bolivia have noted publicly that Peru will in fact be consulted as required by the 1929 treaty. If Lima agrees to a Chile-Bolivia territorial accord, it could be seen in effect as renouncing any revanchist designs on its former territory.

Peruvian President Morales Bermudez' position in this matter remains unclear, but at a minimum, protracted and difficult bargaining within the Peruvian military government can be expected. Peru is likely to complicate the diplomacy further by imposing restrictions of its own on any proposed Chile-Bolivia settlement.

25X1

25X1

National Intelligence Bulletin

December 23, 1975

ARGENTINA

The rebellious air force officers came to terms yesterday with their superiors, ending the insurrection begun last Thursday. A number of the officers are certain to be retired, and one brigade commander has already been replaced.

No air bases remain in rebel hands, although some individuals continue to resist. A work slowdown called by the pro-government General Labor Confederation to protest the rebellion was almost immediately called off.

The rebels' only success, achieved early in the uprising, was the replacement of their commander-in-chief. The underlying problem—the status of President Peron—remains unresolved. In a brief speech last night, Peron reiterated her intention to stay in office despite attempts by those with "petty pretexts" to depose her. [redacted]

25X1

INDIA

The new Indian minister of defense, Bansi Lal, is a close ally of Prime Minister Gandhi's increasingly influential son, Sanjay. Lal's appointment to the Defense Ministry—he had been serving as minister without portfolio—was announced on December 20, along with a number of mostly second-level cabinet shifts.

Lal, who is 48, entered the cabinet for the first time last month when Gandhi made the first significant ministerial changes since the emergency went into effect six months ago. In that shake-up, Gandhi ousted long-time cabinet member Swaran Singh as defense minister, temporarily retaining the portfolio herself.

Lal is a former chief minister of Haryana State. He is considered a tough, efficient administrator whose views are compatible with Sanjay's conservative orientation. Sanjay reportedly is behind a move to replace aging cabinet members, such as the 68-year-old Singh, with younger, more vigorous figures.

25X1

National Intelligence Bulletin

December 23, 1975

LAOS-THAILAND

Vientiane is seeking help from non-communist diplomatic missions in persuading Bangkok to reopen the Thai-Lao border.

The Lao deputy foreign minister yesterday summoned the US, British, Malaysian, and Indonesian charges to his office. He admitted that the economic situation in Vientiane was bad, attributing it to Bangkok's closing the border following the mid-November clash along the Mekong. The official said the Lao would not meet the Thai demand for negotiations on border problems, but indicated that his government would be willing to exchange views on the agenda for talks after Bangkok reopens the border. He asked all four governments to intervene with Bangkok, and said he thought the US could be especially helpful because of its good relations with Thailand.

The Lao had hoped to withstand Bangkok's pressure for negotiations by moving vitally needed supplies through Vietnam. The Vietnamese earlier this month began moving some supplies by air from Hanoi, but the quantities have fallen far short of Lao requirements. Vientiane is now experiencing severe shortages of food, gasoline, and consumer goods.

Vientiane apparently has also sought help in other communist capitals. Soviet officials in Bangkok evidently gained permission to begin airlifting basic foodstuffs and petroleum from Bangkok, using Aeroflot aircraft. Substantial quantities of Soviet aid have been stranded in Thailand because of the border closure.

Prime Minister Khukrit has been taking a tough line on relations with Laos, as have others in the Thai government, suggesting that the border will not be reopened until the Lao give some indication of a willingness to negotiate seriously on the border problems. [redacted]

25X1

25X1

National Intelligence Bulletin

December 23, 1975

EC-US

A new compromise accord on procedures for the agricultural portion of the multilateral trade negotiations was reached at the meeting in Geneva earlier this month of the trade negotiations committee. The accord papers over the US-EC differences that had threatened to disrupt the meeting and allows negotiations to begin. The EC and the US will hold bilateral talks next month to set further ground rules.

The compromise, while noting that basic differences remain between the EC and Washington, allows for both bilateral and multilateral agricultural negotiations, and calls for all negotiating groups to work "in concert" with each other. The EC, reluctant to liberalize trade in agricultural commodities, had sought to isolate the agricultural discussions from the rest of the multilateral trade negotiations. The paramount concern, especially as far as France is concerned, is the maintenance and protection of the EC Common Agricultural Policy.

The accord represents a setback for France. Paris had proposed five changes, only one of which was accepted, and was then presented with a fait accompli; EC negotiators accepted the compromise without notifying individual member states. France is the most intransigent of the EC members on agricultural issues and had effectively blocked all previous US-EC attempts to resolve the impasse.

The trade negotiations committee adopted, among other things, the following work programs for next year:

- agreement on the major elements of a tariff negotiating plan;
- agreement on approaches to negotiations on non-tariff matters such as subsidies and countervailing duties, quantitative restrictions, and customs matters;
- completion of negotiations on tropical products;
- agreement on procedures for reforming the safeguard clause that allows nations to restrict imports for balance-of-payments reasons or for protection of domestic industries.

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25X1

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National Intelligence Bulletin

December 23, 1975

25X1

25X1



FOR THE RECORD



ETHIOPIA: A US technician working for a US contract firm was kidnaped by five unidentified Ethiopians on December 21. His abductors, according to witnesses, did not identify themselves or the group to which they belong. The Ethiopian military conducted a search but with no results. Two Americans have been held by Eritrean insurgents since mid-July, and two others since September.

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